



A subsidiary of Pinnacle West Capital Corporation



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ORIGINAL

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2008 JUL 10 12:42

AZ CORP COMMISSION
DOCKET CONTROL

July 10, 2008

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: Arizona Public Service Company General Rate Case
Docket Nos. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

Dear Sir or Madam:

Pursuant to Decision No. 69663 and the Power Supply Adjustor (PSA) Plan of Administration, the 2007 Annual PSA Adjustor of \$0.003987/kWh will expire after it has recovered an additional \$46 million of 2007 fuel and purchased power costs after January 31, 2008. This will occur at the end of the July 2008 billing cycle and any over or under collection will be reflected in the monthly PSA reports filed with the Commission and be included in the PSA historical component on February 1, 2009, which is the next scheduled reset of the PSA's forward and historical components. Attached is a redline and non-redline PSA-1 rate schedule to reflect the removal of the expired 2007 Annual PSA Adjustor.

If you should have any questions regarding the information contained herein, please call Mr. Zachary Fryer at 602-250-2767.

Sincerely,

Barbara Klemstine

Attachment

BK/kh

Cc: Ernest Johnson
Brian Bozzo
Barbara Keene
Terri Ford
Stephen Ahearn

Arizona Corporation Commission
DOCKETED

JUL 10 2008

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Red-Line Version



ADJUSTMENT SCHEDULE PSA-1 POWER SUPPLY ADJUSTMENT

APPLICATION

The Power Supply Adjustment ("PSA") shall apply to all retail electric rate schedules in accordance with their terms with the exception of Solar-2, SP-1, E-3, E-4, E-36 and Direct Access service. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

RATES

The charges shall be calculated at the following rates:

PSA Adjustor Rate^{1/}

All kWh	\$0.003987	per kWh
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PSA Historical Component

All kWh	\$0.001048	per kWh
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PSA Forward Component

All kWh	\$0.002952	per kWh
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PSA Transition Component

All kWh	\$0.000000	per kWh
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^{1/} Costs that were incurred in 2006 and 2007 from the prior PSA

**Non-
Red-Line
Version**



ADJUSTMENT SCHEDULE PSA-1
POWER SUPPLY ADJUSTMENT

APPLICATION

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